

Developing and Implementing a Discount Fee Schedule

This summary is designed to give you basic information about developing and implementing a discount fee schedule for low-income populations.

1. Practices employing NHSC clinicians have some flexibility in designing a schedule of discounts; however NHSC sites need to assure that patients below 100% of the Federal Poverty Level (FPL) pay a very nominal fee (or no fee) and that patients with family incomes between 100-200% of the FPL are discounted. Many NHSC sites discount fees for patients with family incomes above 200% of the FPL.
2. NHSC sites should use the HHS federal poverty guidelines that are issued each spring when designing their discounts. The HHS guidelines are based upon family/household size and income. Please note that the HHS guidelines only determine 100% of the FPL. Income needs to be doubled when determining 200% of FPL. These guidelines can be accessed through the web at <http://www.hrsa.dhhs.gov> or by calling the NHSC Recruitment, Training and Support Center (RTSC) at 1-866-897-7872.
3. The policy should include the procedure for qualifying for discounted fees, how the discounts will be determined and what documentation is required for determining the discount percentage. Practices should also include in its policies and procedures a process for re-certifying clients for the discounted fee schedule. Most practices re-certify patients at least once annually.

When verifying income, the simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. In addition to annualized income verification, eligibility may be based on current participation in certain federal/state public assistance programs, examples of which include the following:

- Social Security Income (Disability);
 - Temporary Assistance for Needy Families;
 - Free or Reduced School Lunch Program;
 - Other public assistance programs.
4. Although the NHSC doesn't require extending the discount policy to Medicare beneficiaries or those participating in Medicaid and SCHIP, many clinics have indicated an interest in doing so. The Medicare law requires clinicians to charge Medicare beneficiaries the same as they charge other patients. Waiving or discounting the Medicare co-pay on an ad-hoc or case-by-case basis is not allowed. Medicare will, however, accept a discounted fee schedule if appropriately designed and implemented. The key is to establish a discount policy that is uniformly applied to all patients based upon ability to pay. So long as the discount policy is uniformly applied to all patients, all the time, it is acceptable to discount deductibles and co-payments for Medicare beneficiaries if they qualify under the discount policy established by the clinic.

5. NHSC requires that its sites have a notice posted in a clearly visible location, such as the front office or waiting room. Sites do not have to post details of the policy or the actual fee schedule. An example of a notice is attached.
6. Office staff must be trained on the availability of the program and the policy and procedures for implementation. At least one staff member should know how to collect the necessary documentation and determine the discount percentage. Many sites enter the discount percentage into the practice's billing system.

**Sample Schedule of Income Thresholds Based upon 2006 Federal Poverty Guidelines
Six Discounted/Sliding Fee Pay Classes**

Annual Income Thresholds by Sliding Fee Discount Pay Class and % of Poverty						
Family Unit Size	Minimum Fee	20% pay	40% pay	60% pay	80% pay	100% pay
Poverty	100%	125%	150%	175%	200%	201%
1	9,800	12,250	14,700	17,150	19,600	19,601
2	13,200	16,500	19,800	23,100	26,400	26,401
3	16,600	20,750	24,900	29,050	33,200	33,201
4	20,000	25,000	30,000	35,000	40,000	40,001
5	23,400	29,250	35,100	40,950	46,800	46,801
6	26,800	33,500	40,200	46,900	53,600	53,601
7	30,200	37,750	45,300	52,850	60,400	60,401
8	33,600	42,000	50,400	58,800	67,200	67,201
The co-payment for those below 100% of poverty is \$_____.						

Note: The income ceiling for the minimum fee pay class is equal to the federal poverty level. The 2006 federal poverty guideline increases by \$3,400 for each family member.

Monthly Income Thresholds by Sliding Fee Discount Pay Class and % of Poverty						
Family Unit Size	Minimum Fee	20% pay	40% pay	60% pay	80% pay	100% pay
Poverty	100%	125%	150%	175%	200%	201%
1	817	1,021	1,225	1,429	1,633	1,634
2	1,100	1,375	1,650	1,925	2,200	2,201
3	1,383	1,729	2,075	2,421	2,767	2,768
4	1,667	2,083	2,500	2,917	3,333	3,334
5	1,950	2,438	2,925	3,413	3,900	3,901
6	2,233	2,792	3,350	3,908	4,467	4,468
7	2,517	3,146	3,775	4,404	5,033	5,034
8	2,800	3,500	4,200	4,900	5,600	5,601
The co-payment for those below 100% of poverty is \$_____.						

Note: The monthly schedule is equal to the annual schedule divided by 12 months.

**Sample Schedule of Income Thresholds Based upon 2006 Federal Poverty Guidelines
Five Discounted/Sliding Fee Pay Classes**

Annual Income Thresholds by Sliding Fee Discount Pay Class and % of Poverty					
Family Unit Size	Minimum Fee	25% pay	50% pay	75% pay	100% pay
Poverty	100%	133%	166%	200%	201%
1	9,800	13,034	16,268	19,600	19,601
2	13,200	17,556	21,912	26,400	26,401
3	16,600	22,078	27,556	33,200	33,201
4	20,000	26,600	33,200	40,000	40,001
5	23,400	31,122	38,844	46,800	46,801
6	26,800	35,644	44,488	53,600	53,601
7	30,200	40,166	50,132	60,400	60,401
8	33,600	44,688	55,776	67,200	67,201
The co-payment for those below 100% of poverty is \$_____.					

Note: The income ceiling for the minimum fee pay class is equal to the federal poverty level. The 2006 federal poverty guideline increases by \$3,400 for each family member.

Monthly Income Thresholds by Sliding Fee Discount Pay Class and % of Poverty					
Family Unit Size	Minimum Fee	25% pay	50% pay	75% pay	100% pay
Poverty	100%	133%	166%	200%	201%
1	817	1,086	1,356	1,633	1,634
2	1,100	1,463	1,826	2,200	2,201
3	1,383	1,840	2,296	2,767	2,768
4	1,667	2,217	2,767	3,333	3,334
5	1,950	2,594	3,237	3,900	3,901
6	2,233	2,970	3,707	4,467	4,468
7	2,517	3,347	4,178	5,033	5,034
8	2,800	3,724	4,648	5,600	5,601
The co-payment for those below 100% of poverty is \$_____.					

Note: The monthly schedule is equal to the annual schedule divided by 12 months.

SAMPLE POLICY

ABC Clinic Discount Fee Policy

Policy

It is the policy of ABC Healthcare to provide essential services regardless of the patient's ability to pay. Discounts are offered depending upon household income and size. A sliding fee schedule is used to calculate the basic discount and is updated each year using the federal poverty guidelines. Once approved, the discount will be honored for six months, after which the patient must reapply.

Discount Application Process

A completed application including required documentation of the home address, household income, and insurance coverage must be on file and approved by the business office before a discount will be granted. If the applicant appears to be eligible for Medicaid, a written denial of coverage by Medicaid may also be required.

Adolescent patients seeking confidential care are exempt from the application process and services are provided at the nominal rate.

Services Covered and Excluded

Medical:	The discount is applied to all in-office services and Off-site services supplied by ABC Clinic health care providers.
Pharmacy:	Samples are provided, when available, without charge.
Lab & X-ray:	The discount is applied to in-office laboratory and x-ray services. Reference laboratory tests and consulting radiology interpretations are excluded.

SAMPLE APPLICATION FOR DISCOUNTS

It is the policy of ABC Clinic to provide essential services regardless of the patient's ability to pay. Discounts are offered depending upon household income and size. Please complete the following information and return to the front desk to determine if you or members of your family are eligible for a discount.

The discount will apply to all services received at our office, but not those services which are purchased from outside, such as reference laboratory testing, drugs, x-ray interpretation by a consulting radiologist, and similar services. Please inquire at the front desk if you have questions.

Number of persons living in your household: _____

Total household income: (complete one column)

Household Member		Household Income (Complete one column)		
		Annual	Monthly	Bi-Weekly
Self				
Spouse				
Relatives				
Others				
Total				

NOTE: Include income from all persons in household and income from all sources, including gross wages, tips, social security, disability, pensions, annuities, veterans payments, net business or self employment, alimony, child support, military, unemployment, public aid, and other.

I certify that the household size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved and will be provided as may be requested.

Name (Print)

Signature

Date

Office Use Only

Patient Name: _____

Discount: _____

Date of Service: _____

Approved By: _____

Sample Discount Fee Policy Signs

(Words to this effect are okay)

Notice to Patients:

This practice serves all patients regardless of ability to pay

Discounts for essential services are offered depending upon family size and income

You may apply for a discount at the front desk

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Aviso Para Los Pacientes:

**Este centro de salud atendera a todos los pacientes,
sin importar su capacidad de pago.**

**Los descuento por servicios esenciales variaran y son
ofrecidos dependiendo del numero de sus familiares y
de su sueldo.**

**Usted podra aplicar para el descuento con la recepcionista en el
escritorio del frente de la clinica.**

Gracias.